

Message Text

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13

ACTION TRSE-00

INFO OCT-01 NEA-14 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

SWF-02 AGR-20 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01

DRC-01 FEA-02 /182 W
----- 017202

R 040716Z SEP 74

FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 3765

UNCLAS TEL AVIV 5038

E.O. 11652: N/A

TAGS: EFIN, IS

SUBJ: PRESS COVERAGE OF FIRST MEETING OF JOINT
US/ISRAEL SUBCOMMITTEES IN WASHINGTON

REF: TEL AVIV 4979

1. DEPARTURE OF ISRAELI OFFICIALS FOR FIRST MEETING OF
US/ISRAEL SUBCOMMITTEES ON RAW MATERIALS, TRADE, AND
INVESTMENT RECEIVED WIDE COVERAGE IN ISRAELI PRESS. GENERAL
THRUST OF ARTICLES WAS OPTIMISTIC, WITH MOST OBSERVERS BE-
LIEVING THAT PROGRESS COULD BE MADE IN ACHIEVING GREATER
BILATERAL COOPERATION IN THESE THREE FIELDS.

2. ON QUESTION OF RAW MATERIALS, SUBCOMMITTEE CHAIRMAN
MOSHE MANDELBAUM WAS QUOTED AS SAYING THAT "ISRAEL CAN AND
SHOULD BUY MORE FROM US, BUT WOULD LIKE TO BE ASSURED OF
A CONSTANT SUPPLY OF RAW MATERIALS FOR INDUSTRY AND AGRICUL-
TURE, THOUGH WE SHALL NOT DICUSS OIL AT THIS STATE." PRO-
POSALS SAID TO INCLUDE REQUEST FOR EXEMPTION FROM ANY ADMIN-
ISTRATIVE LIMITATION ON SUPPLY OF RAW MATERIALS, SUCH AS
FEED GRAINS, FOR WHICH US IS ISRAEL'S PRINCIPAL SOURCE.

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3. TRADE PROPOSALS MENTIONED WERE REMOVAL BY US OF 4 PERCENT DUTY ON DIAMONDS, CHANGES IN "BUY AMERICAN ACT" REQUIREMENTS, CHANGE IN LAW TO PERMIT ISRAEL TO BENEFIT FROM GENERAL SPECIAL PREFERENCE SCHEME DESPITE ITS COMMON MARKET TIE, AND FOR FREE TRADE IN ELECTRONIC COMPONENTS (ON LINES OF US/CANADA AGREEMENT ON AUTOMOTIVE PARTS).

4. ON INVESTMENT, PROPOSALS WILL BE PRESENTED IN AREAS OF TAX BENEFITS, DOUBLE TAXATION, INVESTMENT GUARANTEES, FINANCIAL ASSISTANCE, AND OFFICIAL USG ENCOURAGEMENT OF INVESTMENT THROUGH A PUBLIC COMMITTEE ON INVESTMENT. HAARETZ QUOTES AMOS MAR-HAIM, ASSISTANT DIRECTOR GENERAL, MINISTRY OF COMMERCE AND INDUSTRY: "ON THE BASIS OF PAST EXPERIENCE, ISRAEL HAS SOMETHING TO OFFER PRIVATE AMERICAN COMPANIES. OUR MAIN PROBLEM IS COMPETITION FOR AMERICAN INVESTMENT CAPITAL WITH DEVELOPING COUNTRIES, MANY OF WHOM EXTEND BENEFITS TO FOREIGN ENTREPRENEURS EXCEEDING THOSE OFFERED BY ISRAEL."

5. HAARETZ COMMENTED THAT "WHILE THERE ARE SOME WHO BELIEVE ISRAEL WILL GAIN NOTHING, AN AMERICAN DECLARATION IN FAVOR OF PRIVATE US INVESTMENT IN ISRAEL SHOULD NOT BE UNDERESTIMATED. ON OTHER HAND IT IS DOUBTED THAT A DECISION FAVORING US GOVERNMENT INVESTMENT IN ISRAEL CAN BE EXPECTED." PAPER NOTED THAT DOUBLE TAXATION CONVENTION WILL LIKELY HAVE TO BE NEGOTIATED AT A LATER STAGE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, FOREIGN INVESTMENT, PRESS COMMENTS, RAW MATERIALS, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TELAV05038
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740244-0635
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740974/aaaackye.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: TEL AVIV 4979
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2002 by maustmc>; APPROVED <28 JAN 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS COVERAGE OF FIRST MEETING OF JOINT US/ISRAEL SUBCOMMITTEES IN WASHINGTON
TAGS: EFIN, IS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005